



8011-01p

## SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available From:  
Securities and Exchange Commission  
Office of FOIA Services  
100 F Street, NE  
Washington, DC 20549-2736

Extension: Rule 17a-3

SEC File No. 270-026, OMB Control No. 3235-0033

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (“PRA”) (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission (“Commission”) has submitted to the Office of Management and Budget (“OMB”) a request for extension of the previously approved collection of information discussed below. The Code of Federal Regulation citation to this collection of information is the following rule: 17 CFR 240.17a-3.

Rule 17a-3 under the Securities Exchange Act of 1934 establishes minimum standards with respect to business records that broker-dealers registered with the Commission must make and keep current. These records are maintained by the broker-dealer (in accordance with a separate rule), so they can be used by the broker-dealer and reviewed by Commission examiners, as well as other regulatory authority examiners, during inspections of the broker-dealer.

The collections of information included in Rule 17a-3 are necessary to provide Commission, self-regulatory organization and state examiners to conduct effective and efficient examinations to determine whether broker-dealers are complying with relevant laws, rules, and regulations. If broker-dealers were not required to create these baseline,

standardized records, Commission, self-regulatory organization and state examiners could be unable to determine whether broker-dealers are in compliance with the Commission's antifraud and anti-manipulation rules, financial responsibility program, and other Commission, SRO, and State laws, rules, and regulations.

As of April 1, 2016 there were 4,104 broker-dealers registered with the Commission. The Commission estimates that these broker-dealer respondents incur a total burden of 2,763,566 hours per year to comply with Rule 17a-3.

In addition, Rule 17a-3 contains ongoing operation and maintenance costs for broker-dealers, including the cost of postage to provide customers with account information, and costs for equipment and systems development. The Commission estimates that under Rule 17a-3(a)(17), approximately 41,143,233 customers will need to be provided with information regarding their account on a yearly basis. The Commission estimates that the postage costs associated with providing those customers with copies of their account record information would be approximately \$13,577,267 per year  $(41,143,233 \times \$0.33)$ .<sup>1</sup> The staff estimates that broker-dealers establishing liquidity, credit, and market risk management controls pursuant to Rule 17a-3(a)(23) incur one-time startup costs of \$924,000, or \$308,000 amortized over a three-year approval period, to hire outside counsel to review the controls. The staff further estimates that the ongoing equipment and systems development costs relating to Rule 17a-3 for the industry would be

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<sup>1</sup> Estimates of postage costs are derived from past conversations with industry representatives and have been adjusted to account for inflation and increases in postage costs.

about \$30,677,094 per year. Consequently, the total cost burden associated with Rule 17a-3 would be approximately \$44,562,361 per year.

Rule 17a-3 does not contain record retention requirements. Compliance with the rule is mandatory. The required records are available only to the staffs of the Commission, self-regulatory organizations of which the broker-dealer is a member, and the states during examination, inspections and investigations.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view the background documentation for this information collection at the following website, [www.reginfo.gov](http://www.reginfo.gov). Comments should be directed to (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an e-mail to: [Shagufta\\_Ahmed@omb.eop.gov](mailto:Shagufta_Ahmed@omb.eop.gov); and (ii) Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street, NE, Washington, DC 20549, or by sending an e-mail to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov). Comments must be submitted to OMB within 30 days of this notice.

Dated: October 18, 2016

Brent J. Fields  
Secretary

